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Central Intelligence Bulletin

State Department review completed

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CHILE-US: Government wants talks with copper companies.

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CHILE-US: THE JUNTA GOVERNMENT WANTS TO BEGIN SERIOUS NEGOTIATIONS WITH THREE US COPPER COMPANIES WHOSE PROPERTIES WERE EXPROPRIATED BY THE ALLENDE GOVERNMENT.

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FOREIGN MINISTRY ECONOMIC ADVISER ORLANDO SAENZ, WHO ALREADY HAS MET WITH COMPANY REPRESENTATIVES, HAS FORMULATED TENTATIVE PLANS AND HAS ASKED THE US EMBASSY TO FIND OUT HOW THE COMPANIES MIGHT REACT.

SAENZ BELIEVES THAT IT SHOULD NOT BE DIFFICULT TO REACH AN AGREEMENT WITH THE CERRO CORPORATION ALONG THE LINES OF AN ARRANGEMENT WORKED OUT BETWEEN THE COMPANY AND THE ALLENDE GOVERNMENT BUT NEVER IMPLEMENTED. SAENZ HOPES TO COME TO TERMS WITH ANACONDA THAT WOULD PROVIDE FOR TECHNICAL ASSISTANCE AND THE COMPANY'S DEVELOPMENT OF AN UNEXPLOITED ORE DEPOSIT.

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SAENZ SEES KENNECOTT AS HIS TOUGHEST CHALLENGE AND APPEARS CONCERNED THAT THE COMPANY MAY STICK TO ITS DEMAND FOR \$600 MILLION IN COMPENSATION. SAENZ IS PREPARED TO REAFFIRM CHILE'S OBLIGATION ON AN EXISTING \$80 MILLION NOTE AND TO OFFER ANOTHER \$80 MILLION.

THE JUNTA GOVERNMENT'S INTEREST IN SETTling THE COPPER DISPUTES IS RELATED TO ITS NEED FOR TECHNICAL HELP IN RUNNING THE MINES, AS WELL AS TO ITS DESIRE TO ENCOURAGE FOREIGN CREDITS AND INVESTMENT.

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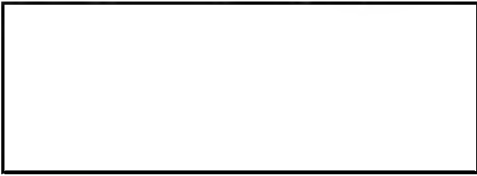
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